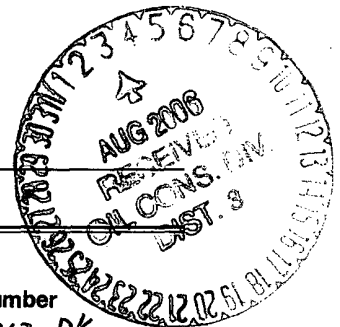


UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL, DEEPEN, OR PLUG BACK



1a. Type of Work DRILL	5. Lease Number NM-04241
1b. Type of Well GAS	Unit Reporting Number NM-074017-DK
2. Operator BURLINGTON RESOURCES Oil & Gas Company	6. If Indian, All. or Tribe
3. Address & Phone No. of Operator PO Box 4289, Farmington, NM 87499 (505) 326-9700	7. Unit Agreement Name Sunray F
4. Location of Well Unit D (NMPM), 670' FSL, 925' FWL NW1/4	8. Farm or Lease Name
Latitude 36° 45.5713 Longitude 107° 50.4851	9. Well Number 3E
10. Field, Pool, Wildcat Basin Dakota	11. Sec., Twn, Rge, Mer. (NMPM) Sec. 1, T29N, R10W API # 30-045-33869
12. County San Juan	13. State NM
14. Distance in Miles from Nearest Town 4.2 miles to Blanco, NM	15. Distance from Proposed Location to Nearest Property or Lease Line 670'
16. Acres in Lease	17. Acres Assigned to Well DK 324.98 ac N2
18. Distance from Proposed Location to Nearest Well, Drig, Compl, or Applied for on this Lease 52' - Florance E LS #1A	19. Proposed Depth 6999'
20. Rotary or Cable Tools Rotary	21. Elevations (DF, FT, GR, Etc.) 5896' GL
22. Approx. Date Work will Start	23. Proposed Casing and Cementing Program See Operations Plan attached
24. Authorized by: <u>Armando Sanchez</u> Regulatory Analyst	Date <u>7-28-06</u>

PERMIT NO. _____ APPROVAL DATE _____
APPROVED BY [Signature] TITLE AS-11 DATE 8/2/06

Archaeological Report attached

Threatened and Endangered Species Report attached

NOTE: This format is issued in lieu of U.S. BLM Form 3160-3

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or presentations as to any matter within its jurisdiction.

DRILLING OPERATIONS AUTHORIZED ARE
SUBJECT TO COMPLIANCE WITH ATTACHED
"GENERAL REQUIREMENTS".

NMOC

This action is subject to technical and
procedural review pursuant to 43 CFR 3165.3
and appeal pursuant to 43 CFR 3165.4

DISTRICT I
1625 N. French Dr., Hobbs, N.M. 88240

DISTRICT II
1301 W. Grand Ave., Artesia, N.M. 88210

DISTRICT III
1000 Rio Brazos Rd., Aztec, N.M. 87410

DISTRICT IV
1220 South St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals & Natural Resources Department

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.
Santa Fe, NM 87505

For

Revised October

Submit to Appropriate Distr

State Lease -

Fee Lease -

☐ AMENDED

WELL LOCATION AND ACREAGE DEDICATION PLAT

¹ API Number 30-045- 33869	² Pool Code 71599	³ Pool Name Basin Dakota
⁴ Property Code 7568	⁵ Property Name SUNRAY F	⁶ Well Num 3E
⁷ OGRID No. 14538	⁸ Operator Name BURLINGTON RESOURCES OIL & GAS COMPANY LP	⁹ Elevation 5896

¹⁰ Surface Location

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D	1	29-N	10-W	8	670	NORTH	925	WEST	SAN JUAN

¹¹ Bottom Hole Location If Different From Surface

UL or lot no.	Section	Township	Range	Lot Idn	Feet from the	North/South line	Feet from the	East/West line	County
D									
¹² Dedicated Acres DK 324.98 ac N2		¹³ Joint or Infill		¹⁴ Consolidation Code		¹⁵ Order No.			

NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION

FD 3 1/4" BC 1967 BLM	N 89°51'52" W 2622.35' (M)	FD 3 1/4" BC 1967 BLM	
925'	LOT 7 41.11	LOT 6 40.83	LOT 5 40.41
LOT 8 41.53	LAT: 36.75953' N. (NAD 83) LONG: 107.84204' W. (NAD 83) LAT: 36°45.5713' N. (NAD 27) LONG: 107°50.4851' W. (NAD 27)		
N 01°16'16" E 2710.29' (M)	USA NM-04241	USA SF-080751-A	
LOT 9 40.02	LOT 10 40.05	LOT 11 40.50	LOT 12 40.53
FD 2 1/2" BC 1967 BLM			
LOT 16 40.10	LOT 15 40.17	LOT 14 40.65	LOT 13 40.73
LOT 17 40.16	LOT 18 40.23	LOT 19 40.44	LOT 20 40.52

¹⁷ OPERATOR CERTIFICATION

I hereby certify that the information contained here is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location or has the right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Patsy Clugston
Signature Date
Patsy Clugston
Printed Name

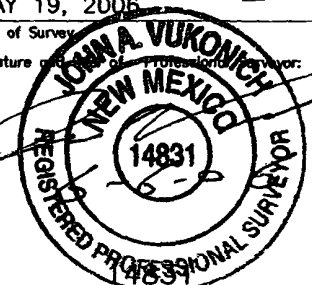
¹⁸ SURVEYOR CERTIFICATION

I hereby certify that the well location shown on this was plotted from field notes of actual surveys made or under my supervision, and that the same is true correct to the best of my belief.

MAY 19, 2006

Date of Survey

Signature of Surveyor



Certificate Number

Office

Energy, Minerals and Natural Resources

May 27, 2004

District I

1625 N. French Dr., Hobbs, NM 88240

District II

1301 W. Grand Ave., Artesia, NM 88210

District III

1000 Rio Brazos Rd., Aztec, NM 87410

District IV

1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION

1220 South St. Francis Dr.

Santa Fe, NM 87505

WELL API NO.

30-045-33869

5. Indicate Type of Lease

STATE ☐FEE ☐

6. State Oil & Gas Lease No.

NM-04241

7. Lease Name or Unit Agreement Name

Sunray F

8. Well Number

3E

9. OGRID Number

14538

10. Pool name or Wildcat

Basin Dakota

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A
DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH
PROPOSALS.)

1. Type of Well:

Oil Well ☐Gas Well ☒Other ☐

2. Name of Operator

BURLINGTON RESOURCES OIL & GAS COMPANY LP

3. Address of Operator

3401 E. 30TH STREET, FARMINGTON, NM 87402

4. Well Location

Unit Letter D

670'

feet from the

South

line and

925'

feet from the

West

line

Section 1Township 29NRng 10W

NMPM

County San Juan

San Juan

11. Elevation (Show whether DR, RKB, RT, GR, etc.)

5896'

Pit or Below-grade Tank Application

☐ or Closure ☐

Pit type

New Drill

Depth to Groundwater

>100'

Distance from nearest fresh water well

>1000'

Distance from nearest surface water

>200'

<1000'

Pit Liner Thickness:

n/a

mil

Below-Grade Tank:

Volume

bbls;

Construction Material

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐TEMPORARILY ABANDON ☐PULL OR ALTER CASING ☐PLUG AND ABANDON ☐CHANGE PLANS ☐MULTIPLE COMPL ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☐COMMENCE DRILLING OPNS. ☐CASING/CEMENT JOB ☐ALTERING CASING ☐P AND A ☐

OTHER:

New Drill ☒OTHER: ☐

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 1103. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

New Drill, Unlined:

Burlington Resources proposes to construct a new drilling pit and an associated vent/flare pit. Based on Burlington's interpretation of the Ecosphere's risk ranking criteria, the new drilling pit and vent/flare pit will be an unlined pit as detailed in Burlington's Revised Drilling / Workover Pit Construction / Operation Procedures dated November 11, 2004 on file at the NMOCD office. A portion of the vent/flare pit will be designed to manage fluids, and that portion will be unlined, as per the risk ranking criteria. Burlington Resources anticipates closing these pits according to the Drilling / Workover Pit Closure Procedure dated August 2, 2004 on file at the NMOCD office.

I hereby certify that the information above is true and complete to the best of my knowledge and belief. I further certify that any pit or below-grade tank has been/will be constructed or closed according to NMOCD guidelines ☐, a general permit ☒ or an (attached) alternative OCD-approved plan ☐.

SIGNATURE Amanda Sanchez TITLE Regulatory Analyst DATE 7/28/2006Type or print name Amanda Sanchez E-mail address: asanchez@br-inc.com Telephone No. 505-326-9700

For State Use Only

APPROVED BY [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 63 DATE AUG 03 2006

Conditions of Approval (if any):

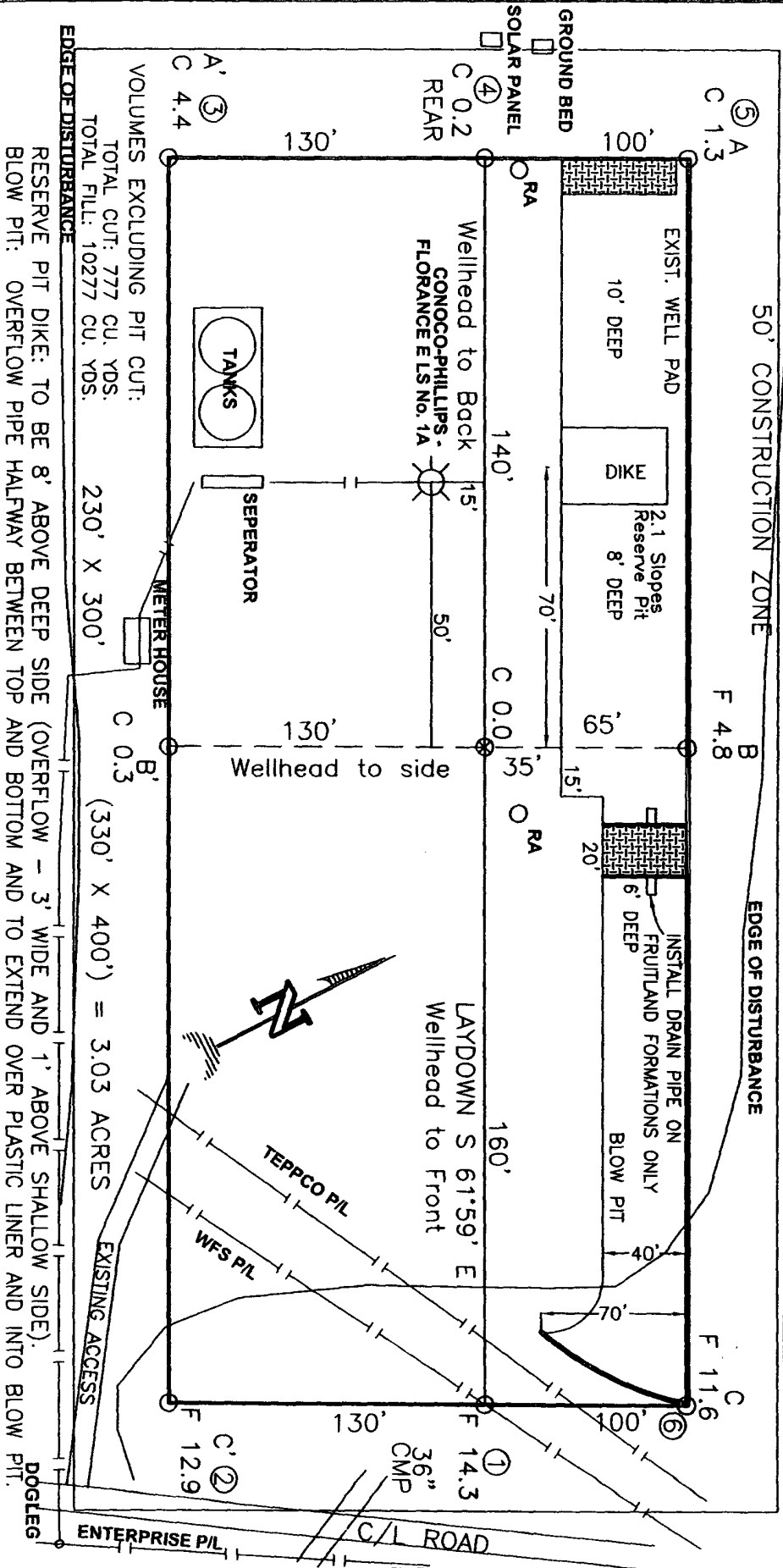
BURLINGTON RESOURCES OIL & GAS COMPANY LP

SUNRAY F No. 3E, 670 FNL 925 FWL

SECTION 1, T-29-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

GROUND ELEVATION: 5896, DATE: MAY 19, 2006

NAD 83
LAT. = 36.75953° N
LONG. = 107.84204° W
NAD 27
LAT. = 36°45.5713' N
LONG. = 107°50.4851' W



NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

NOTE: ESTIMATED VOLUMES CALCULATED BY AVERAGE END AREA AT CROSS-SECTION SHOWN

NOTE: CONTRACTOR SHOULD CALL ONE-CALL FOR LOCATION OF ANY MARKED OR UNMARKED BURIED PIPELINES OR CABLES ON WELL PAD AND OR ACCESS ROAD AT LEAST TWO (2) WORKING DAYS PRIOR TO CONSTRUCTION.

DATE	DATE	DATE
DATE	DATE	DATE
DATE	DATE	DATE

Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-6019
NEW MEXICO U.S. 14831

BURLINGTON RESOURCES OIL & GAS COMPANY LP

SUNRAY F No. 3E, 670 FNL 925 FWL

SECTION 1, T-29-N, R-10-W, N.M.P.M., SAN JUAN COUNTY, NEW MEXICO

GROUND ELEVATION: 5896, DATE: MAY 19, 2006

NAD 83
LAT. = 36.75953° N
LONG. = 107.884204° W
NAD 27
LAT. = 36°45.5713' N
LONG. = 107°50.4851' W

ELEV. A-A'

C/L

5910							
5900							
5890							
5880							

ELEV. B-B'

C/L

5910							
5900							
5890							
5880							

ELEV. C-C'

C/L

5910							
5900							
5890							
5880							

NOTE: DAGGETT ENTERPRISES, INC. IS NOT LIABLE FOR UNDERGROUND UTILITIES OR PIPELINES. NEW MEXICO ONE CALL TO BE NOTIFIED 48 HOURS PRIOR TO EXCAVATION OR CONSTRUCTION.

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Daggett Enterprises, Inc.
Surveying and Oil Field Services
P. O. Box 15068 • Farmington, NM 87401
Phone (505) 326-1772 • Fax (505) 326-8019
NEW MEXICO U.S. 14831

Drawn by: A.G.

DATE: 05/26/06

Revision:

DATE:

REVISION BY:

Drawn by: A.G.

DATE: 05/26/06

OPERATIONS PLAN

Well Name: Sunray F #3E
Location: 670' FSL & 925' FWL, Section - 29N - 10W
San Juan County, New Mexico
Formation:
Elevation: Basin Dakota
5896' GL

Surface	San Jose		
Surface	San Jose	1172'	
Ojo Alamo	1172'	1335'	aquifer
Kirtland	1335'	1883'	gas
Fruitland Coal	1883'	2419'	gas
Pictured Cliffs	2419'	2563'	gas
Lewis	2563'	3103'	
Huerfanito Bentonite	3103'		
Chacra	3401'	4125'	gas
Massive Cliff House	4125'	4171'	gas
Menefee	4171'	4651'	gas
Massive Point Lookout	4651'	5085'	gas
Mancos Shale	5085'	5739'	
Upper Gallup	5739'	6644'	gas
Greenhorn	6644'	6702'	gas
Graneros	6702'	6758'	gas
Two Wells	6758'	6829'	gas
Paguate	6829'	6884'	gas
Cubero	6884'	6999'	gas
Total Depth:	6999'		gas

Logging Program:

Mud Logs/Coring/DST

Mud logs - none
Coring - none
DST - none
Open hole - none
Cased hole - Gamma Ray, CBL - surface to TD

Mud Program:

<u>Interval</u>	<u>Type</u>	<u>Weight</u>	<u>Vis.</u>	<u>Fluid Loss</u>
0 - 120'	Spud MUD/Air/Air Mist	8.4 - 9.0	40 - 50	no control
120' - 2663'	LSND	8.4 - 9.0	30 - 60	no control
2663' - 6999'	Air/Air Mist/Nitrogen	n/a	n/a	n/a

Casing Program (as listed, the equivalent, or better):

<u>Hole Size</u>	<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
12 1/4"	0' - 120'	9 5/8"	32.3#	H-40
8 3/4"	0' - 2663'	7"	20/23#	J-55
6 1/4"	0' - 6999'	4 1/2"	10.5#/11.6#	J-55

Tubing Program:

<u>Depth Interval</u>	<u>Csg. Size</u>	<u>Wt.</u>	<u>Grade</u>
0' - 6999'	2 3/8"	4.7#	J-55

BOP Specifications, Wellhead and Tests:

Surface to Intermediate TD -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out surface casing, ~~rams~~ and casing will be tested to 600 psi for 30 minutes.

BOP

Intermediate TD to Total Depth -

11" 2000 psi minimum double gate BOP stack (Reference Figure #1). After nipple-up prior to drilling out intermediate casing, ~~rams~~ and casing will be tested to 1500 psi for 30 minutes.

BOP

Surface to Total Depth -

2" nominal, 2000 psi minimum choke manifold (Reference Figure #3).

Completion Operations -

7 1/16" 2000 psi double gate BOP stack (Reference Figure #2). After nipple-up prior to completion, pipe rams, casing and liner top will be tested to 2000 psi for 15 minutes.

Wellhead -

9 5/8" x 7" x 4 1/2" x 2 3/8" x 2000 psi tree assembly.

General -

- Pipe rams will be actuated once each day and blind rams will be actuated once each trip to test proper functioning.
- An upper kelly cock valve with handle available and drill string valves to fit each drill string will be available on the rig floors at all times.
- BOP pit level drill will be conducted weekly for each drill crew.
- All BOP tests & drills will be recorded in daily drilling reports.
- Blind and pipe rams will be equipped with extension hand wheels.

Cementing:

9 5/8" surface casing -

Pre-Set Drilled - Cement with 23 sx Type I, II cement with 20% flyash mixed at 14.5 ppg, 1.61 cu ft per sack yield. (38 cu ft of slurry, bring cement to surface) Wait on cement for 24 hours for pre-set holes before pressure testing or drilling out from under surface.

Conventionally Drilled - Cement with 88 sx Type III cement with 0.25 pps Celloflake, 2% CaCl. (113 cu ft of slurry, 200% excess, bring cement to surface) Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Wait on cement appropriate time until cement achieves 250 psi compressive strength at 60 degrees F. prior to nipple up of BOPE. Wait on cement for 8 hrs for conventionally set holes before pressure testing or drilling out from under surface. Test casing to 600 psi for 30 minutes.

Saw tooth guide shoe on bottom. Bowspring centralizers will be run in accordance with Onshore Order #2.

7" intermediate casing -

Lead with 221 sacks Premium Lite cement with 3% calcium chloride, 0.25 pps Celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate. Tail w/90 sacks Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss (124 cu ft 50% excess to circulate to surface). WOC minimum of 8 hours before drilling out intermediate casing. If cement does not circulate to surface, a CBL or a temperature survey will be run to determine TOC. Test casing to 1500 psi for 30 minutes.

7" intermediate casing alternative two stage -

Stage collar set 300' above the top of the Fruitland. First stage: Lead w/56 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss. Tail w/90 sacks Type III cmt w/1% calcium chloride, 0.25 pps Celloflake, 0.2% fluid loss. Second stage: 146 sacks Premium Lite cement with 3% calcium chloride, .25 pps celloflake, 5 pps LCM-1, 0.4% fluid loss, 0.4% sodium metasilicate (594 cu ft - 50% excess to circulate to surface).

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. Bowspring centralizers spaced every other joint off bottom, to the base of the Ojo Alamo @ 1335'. Two turbolating centralizers at the base of the Ojo Alamo @ 1335'. Bowspring centralizers spaced every fourth joint from the base of the Ojo Alamo to the base of the surface casing.

4 1/2" Production Casing -

Pump 284 sxs Premium Lite HS FM w/0.25 pps celloflake, 0.3% CD-32, 6.25 pps LCM-1, 1% fluid loss, 6% gel, 7 pps CSE (562 cu.ft., 30% excess to achieve 100' overlap in 4-1/2" x 7" annulus). WOC a minimum of 18 hrs prior to completing.

Cementing: Continued

Cement float collar stacked on top of float shoe.

Note: If open hole logs are run, cement volumes will be based on 25% excess over caliper volumes.

Cement nose guide shoe on bottom with float collar spaced on top of shoe joint. The liner hanger will have a rubber packoff.

- If hole conditions permit, an adequate water spacer will be pumped ahead of each cement job to prevent cement/ mud contamination or cement hydration.

Special Drilling Operations (Air/Mist Drilling):

The following equipment will be operational while air/mist drilling:

- An anchored blooie line will be utilized to discharge all cuttings and circulating medium to the blow pit a minimum of 100' from the wellhead.
- The blooie line will be equipped with an automatic igniter or pilot light.
- Compressors will be located a minimum of 100' from the wellhead in the opposite direction from the blooie line.
- Engines will have spark arresters or water cooled exhaust.
- The rotating head will be properly lubricated and maintained.
- A float valve will be utilized above the bit.
- Mud circulating equipment, water, and mud materials will be sufficient to maintain control of the well.

Additional Information:

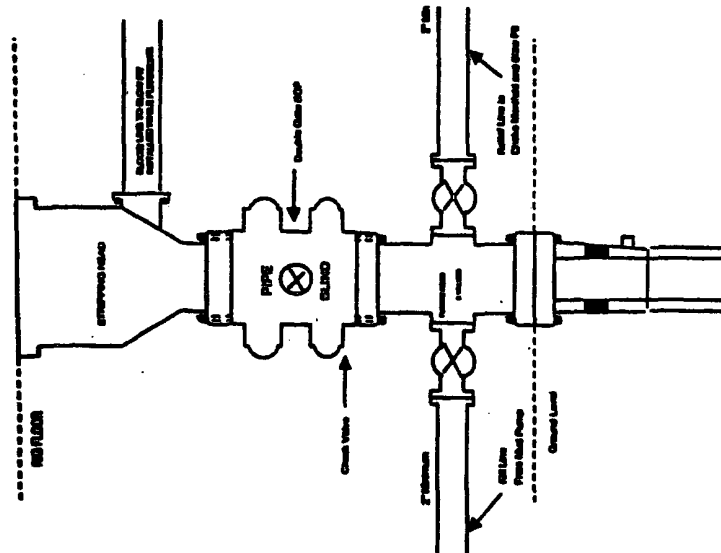
- The Dakota formation will be completed.
- No abnormal temperatures or hazards are anticipated.
- Anticipated pore pressures are as follows:

Fruitland Coal	300 psi
Pictured Cliffs	600 psi
Mesa Verde	700 psi
Dakota	2000 psi
- Sufficient LCM will be added to the mud system to maintain well control, if lost circulation is encountered below the top of the Pictured Cliffs.
- The north half of Section 1 is dedicated to the Dakota formation.
- This gas is dedicated.


Drilling Engineer
Date

BURLINGTON RESOURCES

Completion/Workover Rig
BOP Configuration
2,000 psi System

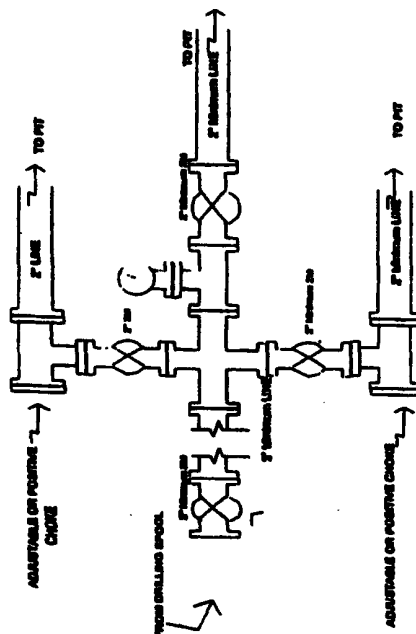


Minimum BOP Installation for all Completion/Workover Operations. 7-1/16" bore, 2000 psi minimum working pressure double gate BOP to be equipped with blind and pipe rams. A stripping head to be installed on the top of the BOP. All BOP equipment is 2000 psi working pressure or greater excluding 500 psi stripping head.

Figure #2

BURLINGTON RESOURCES

Drilling Rig
Choke Manifold Configuration
2000 psi System

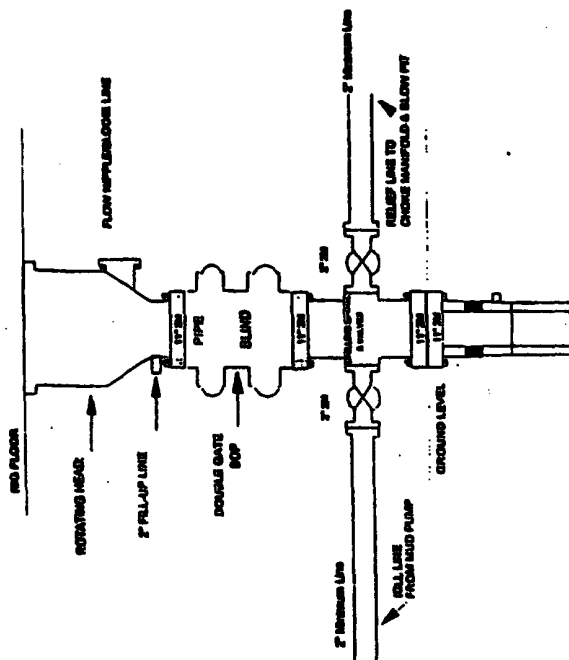


Choke manifold installation from Surface Casing Port to Total Depth. 2,000psi working pressure equipment with two check valves.

Figure #3

Burlington Resources

Drilling Rig
2000 psi System



BOP Installation from Surface Casing Port to Total Depth. 11" Bore BOP minimum, 2000 psi minimum working pressure double gate BOP to be equipped with blind rams and pipe rams. A 500 psi stripping head on top of ram prevention. All BOP equipment is 2,000 psi working pressure.

Figure #1